

**ASSEMBLY BILL**

**No. 957**

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**Introduced by Assembly Member Galgiani**

February 26, 2009

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An act to add Article 1.8 (commencing with Section 1103.20) to Chapter 2 of Title 4 of Part 4 of Division 2 of the Civil Code, relating to real property.

LEGISLATIVE COUNSEL'S DIGEST

AB 957, as introduced, Galgiani. Residential real estate transfers: title insurance: escrow companies.

Existing law generally regulates the transfer of real property, and imposes specified obligations on a seller of real property. Existing law authorizes a mortgagee or beneficiary under a deed of trust to sell property securing the mortgage or deed of trust at a foreclosure sale under certain circumstances. Existing federal law prohibits a seller of property that will be purchased with the assistance of a federally related mortgage loan from requiring the buyer to purchase insurance from any particular company.

This bill would enact the Buyer's Choice Act, which would prohibit a mortgagee, beneficiary under a deed of trust, or other person who acquired title to residential real property at a foreclosure sale from, as a condition of selling that real property to a buyer, requiring the buyer to purchase title insurance or use escrow services in connection with the sale from a company chosen by the seller. The act would also prohibit such a seller from, without good cause, disapproving the use of a title or escrow company chosen by a buyer. A seller who violates these provisions would be liable to the buyer for a specified civil penalty.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Article 1.8 (commencing with Section 1103.20)  
2 is added to Chapter 2 of Title 4 of Part 4 of Division 2 of the Civil  
3 Code, to read:

4  
5 Article 1.8. Buyer's Choice Act  
6

7 1103.20. This article shall be known, and may be cited, as the  
8 Buyer's Choice Act.

9 1103.21. (a) A seller shall not, directly or indirectly, as a  
10 condition of selling residential real property to a buyer, require  
11 the buyer to purchase title insurance or use escrow services in  
12 connection with the sale of that property from a company chosen  
13 by the seller.

14 (b) A seller shall not, without good cause, disapprove the use  
15 of a title or escrow company chosen by a buyer.

16 (c) A seller who violates subdivision (a) or (b) shall be liable  
17 to the buyer for a civil penalty in an amount equal to 6 percent of  
18 the sales price of the property.

19 (d) For purposes of this section, "seller" means a mortgagee,  
20 beneficiary under a deed of trust, or other person who acquired  
21 title to residential real property at a foreclosure sale.